

February 14, 2023

Company Name: Nippon Paper Industries Co., Ltd.
Representative: Toru Nozawa, President
Stock Code 3863, Prime Market of TSE

**Notice of Withdrawal from White Pulp and Paper (Graphic Paper) Business at Opal,
a Consolidated Overseas Subsidiary of the Company**

We hereby announce that the Company has decided today our Australian consolidated subsidiary Paper Australia Pty Ltd (“Opal”) will withdraw from the graphic paper business.

1. Background of withdrawal from the business

Opal manufactures and sells paperboard, kraft paper, graphic paper, corrugated board, and folding cartons in Australia and New Zealand.

Opal’s Maryvale Mill in Victoria, Australia (MV Mill), one of Opal’s manufacturing sites, manufactures and sells graphic paper, paperboard, and kraft paper. MV Mill had sourced eucalyptus wood produced in Victoria’s state-owned forests as the raw material for bleached pulp, the main ingredient of graphic paper, from VicForests (VF), a Victorian state-owned forestry business.

VF had been contesting a combined court case involving the Environment East Gippsland and Kinglake Friends of the Forest environmental groups since 2021 regarding its timber harvesting activities. On 11 November 2022, the Supreme Court of Victoria, Australia, issued orders against VF which impacted VF ability to continue its timber harvesting operations, making it impossible for Opal to procure eucalyptus wood from VF.

In response to this sudden and unexpected suspension of supply, the Company and Opal has been considering alternative wood supplies in order to continue graphic paper operations, but has concluded that alternative procurement is not feasible and has decided to discontinue the graphic paper business at the MV Mill (permanent suspension of some manufacturing assets).

2. Outline of the business to be withdrawn

(1) Outline of Consolidated Subsidiary

Name	Paper Australia Pty Ltd
Address	Building 1, 572 Swan Street, Burnley Victoria 3121 Australia
Representative	Masanobu Iizuka, CEO
Business Description	Manufacture and sale of paperboard, kraft paper, graphic paper, corrugated board, and folding cartons
Capital	2,462 Million AUD
Consolidated Sales	1,967 Million AUD (FY2021/12)
Established	Sep 1993

(2) Outline of the business to be withdrawn

- ① Description of the withdrawn business: Manufacturing and sales of graphic paper
- ② Operating results of the discontinued business (FY2021/12) Net sales: A\$264 million
- ③ Paper machine to be discontinued
M5 paper machine at Opal's MV Mill
Capacity: 220,000 tonnes/year
Main products: Copy Paper, etc.

3. Extraordinary loss due to withdrawal from the business

In connection with the withdrawal from the graphic paper business at the MV Mill, the Company expects to record approximately 20 billion JPY in FY2023/3 as an impairment loss on fixed assets, etc.

4. Schedule

Completion date of withdrawal from the business: Within 2023 (current plan)

5. Outlook

With the withdrawal from the graphic paper business, Opal will focus on the packaging business, which is expected to grow in the future, and will strengthen its integrated packaging supply strategy in Oceania by transitioning the MV Mill into a sustainable packaging paper mill. Please refer to the "Nippon Paper Announces to Record Extraordinary Income and to Revise the Projection of the Consolidated Financial Results" separately disclosed today for the consolidated earnings forecast for FY2023/3.